ENNEPIN COUNTY ADULT CORRECTIONS FACILITY -	
REVIEW OF PROCEDURES AND CONTROLS ASSOCIATED WITH	
VORKHOUSE BILLINGS TO THE CITY OF MINNEAPOLIS	

JULY 2008

INTERNAL AUDIT CITY OF MINNEAPOLIS ROBERT BJORKLUND, DIRECTOR OF INTERNAL AUDIT

CITY OF MINNEAPOLIS HENNEPIN COUNTY ADULT CORRECTIONS FACILITY BILLING

<u>PURPOSE</u>: To review and evaluate the procedures and related internal controls for the billings to the City of Minneapolis from the Hennepin County Adult Corrections Facility.

OBJECTIVES: To determine if current procedures and internal controls are in place, working as intended and effective.

SCOPE: Current procedures and processes using selected 2008 billing records.

<u>METHODOLOGY:</u> In order to present audited information in a more timely manner the Adult Detention Center (ADC/ aka jail) and the Adult Corrections Facility were split into separate reviews or phases. The ADC was initially reviewed and a report issued in April 2008.

CONCLUSIONS & RECOMMENDATIONS:

• Overall, the procedure and internal controls for the Workhouse/ACF billing system appear to be adequate with the one exception noted below.

The City of Minneapolis Finance Department, through the Minneapolis City Attorneys Office, needs to reimburse Hennepin County \$936 for one individual/arrestee from the February 2008 monthly billing whose arrest was erroneously classified as the Hennepin County Sheriff's Office being the arresting agency — when in fact, it was the Minneapolis Police Department.

This item will be added to the August 2008 monthly billing per Workhouse/ACF personnel.

BACKGROUND:

To briefly recap, the Workhouse (ACF/Adult Corrections Facility) review is the Phase II portion of this overall audit involving Hennepin County billing processes, with the initial Phase I report being the review of the Jail (ADC/Adult Detention Center) billings issued in April 2008. The ACF, which serves convicted offenders who are sentenced for up to one year, is located at 1145 Shenandoah Lane, Plymouth, Minnesota.

During this Phase Internal Audit (IA) met with the following Community Corrections and ACF personnel: Tom Merkel – Director, Community Corrections; Theresa Wise – ACF Superintendent; Kathi Tolan – Senior Administrative Assistant; Dan Dykhoff – Program Manager; former ACF employee now retired, Bonnie McCabe – IT Specialist who the ACF has temporarily contracted with; and Greg Wagner, Senior Financial Management Analyst for Community Corrections.

Additionally, IA spoke to or met with the following Minneapolis City Attorneys Office (CAO) personnel – Robin Hennessey – Assistant City Attorney, Colleen O'Brien – Manager of Administration, Lori Raiche - Paralegal and Elizabeth Macam – Administrative Analyst.

WORKHOUSE (ACF) BILLINGS DETAILS:

As documented in a 2007 Request for (Hennepin County) Board Action, the Adult Corrections Facility (ACF/workhouse) is allowed to charge a daily amount for confinement of prisoners to: (1) the arresting municipalities for those misdemeanants who are sentenced to the ACF; (2) other Minnesota counties which request that individuals convicted by their courts be incarcerated in the ACF; and (3) the Hennepin County Sheriff for confinement of overflow prisoners from the jail.

IA was informed there is no contract between County and City concerning these billings, rather the method of calculating the per diem rates is spelled out in Minnesota Statute 383B.128. Charges for 2008 were determined using 2006 ACF information. Specifically, net ACF costs (expenditures minus revenues) for 2006 were divided by the number of 2006 bed days, with that amount increased by the Consumer Price Index (CPI) increase for the year ending 6/30/2007. In addition to this county overhead costs are factored in and allocated.

Rates charged to committing jurisdictions for 2008 are; straight time confinement \$72 per prisoner day; Work Release confinement \$56 per prisoner day – gross; Work Release confinement \$42 per prisoner day – net; and that Work Release residents be charged a per diem of \$14 per prisoner day. Workhouse (ACF) billings paid by the City of Minneapolis totaled \$794,442 and \$762,612 for 2006, and 2007 respectively.

WORKHOUSE (ACF) BILLING PROCESS:

The monthly Workhouse billings are sent to the Minneapolis CAO where they are routed to Lori Raiche. Lori then reviews each individually billed item to ascertain the arresting office, looking initially in Practice Manager (PM) the City's case management system, then, if needed, in the MPD's CAPRS (Computer Aided Police Reporting System). Other systems/databases which have been used are MNCIS (State of Minnesota's Court Information System) which replaced SIP, ViBES (Hennepin County Violation Bureau citation data) and SIP (Subject in Process; Hennepin County's previous case management system).

Any arrestee billed to the City of Minneapolis who was arrested by any police department/law enforcement agency other than the Minneapolis Police Department is not recommended for payment, and thusly not included with the payment for that month.

In addition to other police departments this includes the Minneapolis Park Police, Metro Airport Commission (MAC), University of Minnesota, Metro Transit Police, Minnesota State Highway Patrol, and Lake Minnetonka Conservation District Police (LCMD).

A separate listing of those not recommended for payment is compiled and included with the invoice and payment sent back to Hennepin County. The billing invoice is then sent on to Elizabeth Macam who processes the payment in COMPASS after it has been approved by Colleen O'Brien and Dana Banwer of the CAO.

IA was informed by Workhouse personnel that these "outside agencies" are then billed separately by the county.

Using the January and February 2008 monthly itemized billing statements, IA selected a random sample (TEST A) of ten individuals/arrestees from each month – this represented a sample size of about 11%. IA also selected, by means of a haphazard sample (TEST B), two from each month's "not recommended for payment" listing – this represented about 6.5% of that universe.

Those selected for testing (TEST A) were then traced back to the Warrant of Commitment document supplied by Workhouse personnel. Attributes tested for included the dates of stay at the workhouse, rate charged, arresting agency/charging community etc. No exceptions were noted in any of those tested.

In the substantive testing of the "non-payment" items (TEST B), source documents were again provided by the Workhouse as well as the CAO. One exception was noted here when the individual/arrestee selected was "re-reviewed" by CAO personnel, it was noted that the MPD was the arresting agency — not the Hennepin County Sheriff as originally thought.

The amount of the billing for this individual for that month was \$936.

IA contacted Workhouse personnel regarding this specific item and was told when a non-pay is because the arresting agency is thought to be the Hennepin County Sheriff, the County just absorbs that cost. The Workhouse will include the \$936 amount due with their August 2008 invoice to the City of Minneapolis.

RECOMMENDATION:

The City of Minneapolis should reimburse Hennepin County the \$936 for the instance mentioned above. As stated, this amount will be noted and added to the August 2008 billing invoice.

